

Gila County Policy APPROVED HIGHWAY AND STREET EXPENDITURES	Policy Number: PWS-006	Page
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I. PURPOSE:

To define and establish legal use of the Transportation Excise Tax, Highway User Revenue Fund (HURF) and Vehicle License Tax (VLT) revenues for Gila County.

II. POLICY:

Gila County will ensure that Transportation Excise Tax, HURF, and VLT revenue funds are used only for street and highway purposes and transportation projects within the legal guidelines of the Arizona Revised Statutes and Arizona State Constitution. This policy identifies the statutes and provides an explanation of the expenditures that are appropriate uses of Road Fund monies. The Gila County Board of Supervisors and the Public Works Department officials who are responsible will have a better understanding of Road Fund expenditures.

III. RESPONSIBILITIES:

Gila County will take steps to ensure it can demonstrate the impact of Road Fund monies through proper recordkeeping. Expenses will be tracked for contracted or non-contracted road projects and general road maintenance. The recordkeeping will track labor, material, equipment and other associated costs.

SIGNATURE:



CHAIRMAN, BOARD OF SUPERVISORS

11/19/2019
DATE

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GILA COUNTY

PROCEDURES FOR APPROVED HIGHWAY AND STREET EXPENDITURES

1. The Road Fund revenues received by Gila County (County) are as follows:
 - a) Transportation Excise Tax: The Board of Supervisors adopted Resolution No. 14-07-02 on July 1, 2014, establishing the November 4, 2014, General Election for the continuation of the Gila County Half-Cent Transportation Excise Tax. The voters approved the continuation of the tax. Arizona Revised Statutes (A.R.S.) § 28-6391, A.R.S. § 28-6392, A.R.S. § 28-6705, A.R.S. § 42-6107 address the process and uses of a transportation excise tax, which states that any revenue generated by such transportation excise tax shall only be used for street and highway purposes included in the transportation plan of the county.
 - b) Highway User Revenue Fund (HURF): HURF funds are distributed under the guidelines of A.R.S. § 28-6538 and state that counties shall list transportation corridors by priority in the regional transportation plan. The regional transportation plan may also provide a suggested construction schedule for the transportation corridors contained in the plan. Revenues to counties are to be used solely for highway and street purposes including costs of rights of way acquisitions and expenses related thereto, construction, reconstruction, maintenance, repair, roadside development of county roads, streets and bridges and payment of principle and interest on highway and street bonds.
 - c) Vehicle License Tax (VLT): VLT revenue per Article 9, Section 14 of the Arizona State Constitution states that distribution of revenues to counties shall be used solely for highway and street purposes including costs of rights-of-way acquisitions and expenses related thereto, construction, reconstruction, maintenance, repair, roadside development of county roads, streets and bridges and payment of principle and interest on highway and street bonds.

The Road Fund revenues shall only be used for “street and highway purposes.” These purposes include the purposes enumerated in Article 9, Section 14 of the Arizona State Constitution, but also include “any activity that promotes such street or highway purposes even if the activity does not fall within the enumerated categories.” *See Shaffer Enterprises v. City of Yuma*, 183 Ariz. 428, 433, 904 P.2d 1252, 1257 (App. 1995). This necessarily includes “reimbursement transfers of [road fund revenues] to any [county] department that actually performs operational and overhead support furthering highway and street purposes.” *Id.*

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2. Before re-construction or maintenance on a County roadway may begin, the following criteria must be met:
 - a) The street or highway must be listed as a Gila County maintained roadway.
 - i. The major repairs and maintenance must be pre-approved and planned by the Consolidated Roads and Engineering Services Divisions.
 - ii. If the road is listed as a Country Dirt Road or Primitive Road, County guidelines outlined in the policies will be followed.
 - b) If it is not an emergency, funding must be appropriated and a plan drawn up with material, labor costs and engineering for the re-construction or major maintenance.
 - i. In an emergency, the Department Director or his designee must be consulted for appropriate action. Revenue funding must be decided at that time.
 - ii. In an emergency, all the direct costs and time will be documented as a project and may be charged to the General Fund if it is not a maintained roadway and does not fall under the Road Fund criteria.

3. Maintenance and Project Filing Instructions.
 - a) The Transportation Excise Tax (half-cent tax) is to pay for highway and street improvements and transportation projects within Gila County. The fund is a special revenue and must be kept separate from other funds. This fund is audited by the State Auditor General every five years. The State Auditor General expects to examine original files and paperwork because audits may go back ten or fifteen years. In addition to retaining original documents, all related files shall be electronically scanned and filed by year.
 - b) The previous tax was approved in 1994 and was effective January 1, 1995. This original tax expired December 31, 2013. At that time, Gila County was subject to the ‘Sunset’ audit. This information is saved electronically and in physical files.
 - c) In June 2014, the Gila County Board of Supervisors adopted Resolution No. 14-06-09 to provide funds for the transportation needs of Gila County including the incorporated cities and towns located therein, which took effect on January 1, 2015, for a period of 20 years. All Board of Supervisors’ adopted resolutions are retained as a permanent record in the Clerk of the Board’s office.

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- d) Every five years, beginning in 2019, the State Auditor General's Office may contact the County for an audit regarding the expenditures of the taxes collected. It's imperative to have all the documentation so questions can be answered. Original expenditure receipts and back-up must be kept so it can be found by new construction, reconstruction or a maintenance project. Receipts, contracts, log books, notes, letters and emails may be used to answer questions along with Federal guidelines and County policies. The Finance software, since July 2007, has been New World and much of the information can be found in there. Reporting is available showing Transportation Excise Tax revenues and expenses. The audits will review past and future expenditures of the Transportation Excise Tax revenues and determine the impact in solving the County's transportation problems. The review will also determine if the County spent the excise tax monies in compliance with A.R.S. § 28-6392(B), which requires they be used for street, highway and transportation projects. This includes signage, vegetation control, guardrail, railroad crossings, cattle guards, right-of-way, sidewalks, road surfacing, heavy equipment, bridges and other support costs. The County's decision about expenses coming from this fund included that no salaries be expensed. The HURF and VLT would cover that particular cost.
- e) Records of Transportation Excise Tax revenues and expenses are retained in accordance with the Arizona State Library, Archives and Public Records' records retention schedules, but may be kept longer if audits are not complete.